

## Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EA-11 FRB-02 INR-10 IO-14 NEA-11 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

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DELIVER TO MOSSLER BY 1830, 1/23/74

E.O. 11652: GDS

TAGS: EFIN, EIND

SUBJECT: DAC MEETING ON PRIVATE INVESTMENT,  
APRIL 25 - 26, 1974

REF: (A) AV - 1823 DATED DECEMBER 5, 1973

(B) OECD 31876 DATED DECEMBER 12, 1973

1. WE CONCUR GENERALLY IN THE DRAFT AGENDA ITEMS IN REF A  
AND WISH TO OFFER A FEW ADDITIONS FOR THE SECRETARIAT'S  
CONSIDERATION.

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2. THE DEVELOPMENT CONTRIBUTION OF MINERALS INVESTMENT

(EXCEPT ENERGY), AND HOW THIS CONTRIBUTION IS RELATED TO THE MODE OF INVESTMENT (E.G., JOINT VENTURE, SERVICE CONTRACT), ARE MATTERS OF CURRENT INTEREST TO DEVELOPING COUNTRIES AND TO INVESTORS. THESE ISSUES MIGHT USEFULLY BE INCLUDED UNDER AN APPROPRIATE AGENDA ITEM.

3. IN ORDER TO INCREASE THE FACTUAL BASIS FOR DISCUSSIONS ON THE DEVELOPMENT CONTRIBUTION OF PRIVATE INVESTMENT, DAC MEMBERS, AT THE MEETING IN APRIL, MIGHT DISCUSS THE DESIRABILITY OF ASKING THEIR INVESTMENT GUARANTEE AGENCIES TO SURVEY THE DEVELOPMENTAL CONTRIBUTIONS OF THEIR ASSOCIATED FOREIGN INVESTMENTS IN LDCS. THESE AGENCIES ALSO WOULD REPORT THE SYSTEMS THEY USE FOR OBTAINING INFORMATION ON, AND EVALUATING ECONOMIC BENEFITS AND SOCIAL PRACTICES OF PRIVATE INVESTMENT ENTERPRISES INSURED OR FINANCED BY AN AGENCY IN SUCH AREAS AS WORKER TRAINING AND HOUSING, IN-PLANT AND COMMUNITY MEDICAL SERVICES, SAFETY AND EDUCATION PROGRAMS, WORKERS COMPENSATION, PENSION AND PROFIT SHARING SCHEMES, EQUITY PARTICIPATION SCHEMES, AND OTHERS. WE BELIEVE THIS EXERCISE WOULD ASSIST MEMBERS' CONSIDERATION OF PROJECT REVIEW CRITERIA AND PROJECT MONITORING SYSTEMS, AND WOULD PROVIDE FACTUAL BASIS FOR DESCRIBING AND ANALYZING THE DEVELOPMENTAL ROLES OF PRIVATE INVESTMENT.

4. WITH REGARD TO AGENDA ITEM 4 REUBER FOUND THAT TECHNOLOGICAL ADAPTATIONS ARE MORE FREQUENT THE HIGHER THE DEGREE OF LOCAL OWNERSHIP AND CONTROL. IF SO, THIS MIGHT IMPLY GREATER HOST COUNTRY BENEFITS FROM JOINT VENTURES, PER DOLLAR OF TOTAL INVESTMENT, THAN FROM WHOLLY-OWNED FOREIGN AFFILIATES. UNDER AGENDA ITEM 4, DAC MEMBERS MIGHT WANT TO DISCUSS WHETHER REUBER'S FINDING IS CONSISTENT WITH THEIR OWN OBSERVATIONS.

5. ALSO, FOLLOWING ON REUBER/BOS, DAC MEMBERS MIGHT DISCUSS THEIR EXPERIENCE WITH THE EFFECTIVENESS OF LDC FISCAL AND OTHER INCENTIVES TO ATTRACT FOREIGN INVESTMENT. THE EFFECTIVENESS AND COSTS OF SUCH INCENTIVES WAS A TOPIC OF GREAT INTEREST IN THE SPECIAL TOPIC COMMITTEE AT THE COLOMBO PLAN MEETING IN WELLINGTON, NOV. 27 - DEC. 6, 1976.  
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QUOEM A DEVELOPMENT CENTRE STUDY ON THE BENEFITS AND COSTS OF LDCS OF FISCAL INCENTIVES MIGHT BE SOMETHING DAC MEMBERS WOULD WISH TO CONSIDER. FINDINGS OF SUCH A STUDY MIGHT ASSIST THE UNCTAD SECRETARIAT'S CONSIDERATION OF RECOMMENDATIONS ON HOW TO INCREASE LDC'S BENEFITS FROM PRIVATE FOREIGN INVESTMENT.

6. SUGGEST MISSION PROPOSE DISCUSSION OF WAYS TO ENCOURAGE PRIVATE INVESTOR CONSIDERATION OF LABOR-INTENSIVE TECHNIQUES

UNDER MOST APPROPRIATE AGENDA ITEM. DISCUSSION WOULD  
SUPPLEMENT CURRENT WORK IN THE DEVELOPMENT CENTRE, IN LDC  
RESEARCH INSTITUTIONS AND OFFICIAL BILATERAL AID AGENCIES.  
DEPT. IS POUCHING COPY OF DRAFT DEPT/AID RESEARCH STUDY ON  
THE CHOICE OF TECHNOLOGY BY MANUFACTURING AFFILIATES OF US-  
BASED MULTINATIONAL CORPORATIONS IN LDCS.

7. PER REF (B) REQUEST, WE CONSIDERED MOST RECENT DAC/BIAC  
SESSION USEFUL AND SUPPORT 1974 JOINT SESSION AS PROPOSED.  
PARTICIPATION BY WASHINGTON IS PLANNED BUT IT IS TOO  
EARLY TO BE MORE SPECIFIC AT THIS TIME. KISSINGER

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## Message Attributes

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**Channel Indicators:** n/a  
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**Control Number:** n/a  
**Copy:** SINGLE  
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**Disposition Authority:** morefirh  
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